PRESS RELEASE

Federal Deposit Insurance Corporation

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Media Contacts:
Phil Battey (202) 898-6993

FDIC Report Discusses Challenges Bank Mortgage Lenders May Face If Interest Rates Rise

The profitability of the nation's residential mortgage lending specialists has become more exposed to the effects of a rising interest rate scenario that would compress net interest margins and suppress noninterest revenues associated with mortgage production and sales, according to a report released today by the Federal Deposit Insurance Corporation.

Unprecedented levels of refinancing spurred by low long-term interest rates have contributed to a significant lengthening of asset maturities.

The report concludes that the current interest rate environment gives institutions the opportunity to correct mismatches between their assets and liabilities.

The report was published as the latest edition of **FYI**. **FYI** is an email bulletin covering FDIC analysis of emerging issues in banking and the economy. **FYI** is available on the FDIC's Web site at www.fdic.gov, where those interested in receiving each issue electronically may subscribe. A copy of **FYI** is attached.

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Attachment: http://www.fdic.gov/bank/analytical/fyi/2002/042502fyi.html